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SUBJECT: FROM CRADLE-TO-GRAVE: AN OVERVIEW OF KUWAIT'S WELFARE
STATE

REF: A. KUWAIT 613

¶1. (SBU) Summary and comment: With its immense oil wealth, the Kuwaiti Government provides Kuwaiti citizens, who do not pay taxes, with cradle-to-grave welfare benefits, including free health care, free education, public or private sector employment, and substantial housing assistance. (Note: Kuwaiti citizens make up only one million of Kuwait's population of approximately 2.9 million. End note.) These benefits are enshrined in the Constitution: Article 11 guarantees social security and medical benefits; Article 13 ensures access to free education; and Article 16 provides for employment. Such lavish benefits often curb Kuwaitis' enthusiasm for political and economic reform, and may have contributed to the Government's hesitancy to solve the problem of the Bidoon (stateless residents) through naturalization as this would be extremely costly. With oil prices continuing to rise, these benefits are likely to expand. End summary and comment.

Cradle to Grave and Everything In Between

¶2. (U) All medical services in public hospitals, from routine check-ups to cancer treatment to prescription drugs, are completely free for Kuwaiti citizens. The Government also pays for private medical treatment abroad, including full room and board for the patient and up to two escorts for the duration of the treatment (in some cases more than two years) if recommended by a medical committee in Kuwait. In addition, all costs associated with pregnancy from prenatal care to delivery are provided to Kuwaiti citizens at no cost. Funeral expenses are also free of charge.

Not Your Average Wedding Present

¶3. (U) When a Kuwaiti man marries, he is entitled to substantial Government housing assistance. If he marries a Kuwaiti, he becomes eligible immediately. If not, he becomes eligible after having his first child. The Kuwaiti husband can choose from two options: a house or an apartment, each worth 60,000 KD (\$205,000), or a plot of land and an interest-free 70,000 KD (\$240,000) loan to build his own house. While he must reimburse the Government, the monthly payments are very low: 60 KD (\$205) for the housing, and 100 KD (\$342) for the land and loan. After ten years, he is also entitled to a 15,000 KD (\$51,000) loan to restore his property. The average wait time for housing is between 10-15 years, though the Government is trying to reduce this to seven years. While waiting, Kuwaitis are entitled to a monthly rental allowance of 100 KD (\$342). Kuwaiti women are currently not entitled to any of the housing loans. (Note: There are credible reports of some men using the loans as money-making schemes, such as one father who arranged for marriages and divorces of his 18-year-old daughter seven times, splitting with the husbands the "land and loan" privileges that come with marriage (reftel). End note.)

¶4. (U) The property is registered in the names of both the husband and the wife after ten years or after five years if the property is

fully paid off. If the husband divorces his wife, she must leave the house if they do not have children. If they have children, she can stay in the house to take care of them until her daughter is married or until her oldest son turns 26. She is also required to leave the house if either she or her ex-husband remarries.

It Pays to Marry Kuwaiti

15. (U) An additional benefit provided to Kuwaiti men when they marry is a 4,000 KD loan (\$13,700). Half the loan is treated as a gift by the Government and the other half is refundable at a rate of 20 KD (\$69) per month. This loan is only paid once: if a Kuwaiti man decides to re-marry, he will not be eligible for another loan. This loan is not given to Kuwaiti men who marry non-Kuwaiti women.

A, B, C...PhD

16. (U) Kuwaitis are entitled to free public education from kindergarten through high school. The Government also fully funds university education in Kuwait for students who meet the minimum GPA set annually by the Ministry of Education and Higher Education. For Kuwaiti students who demonstrate a financial need, the Government provides an additional 100 KD (\$342) monthly stipend. Legislation is currently being considered to pay this allowance to all Kuwaiti students. Students whose high school GPA is in the top ten percent are eligible for full Government scholarships to study abroad, as are students pursuing concentrations not available at Kuwait University (KU). For graduate studies, top students can pursue a Masters and/or PhD at KU with full Government funding. This applies to both public and private school graduates.

17. (U) Students whose GPA is too low to qualify for KU can either

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apply to the Public Authority for Applied Education and Training (PAAET) where the Government will fully fund their education, or choose to study abroad at their own expense.

Working Nine-to-Five...Not!

18. (U) Kuwaitis are guaranteed employment. The majority (95%) choose to work in the public sector, making the Government the largest employer in Kuwait. Kuwaiti public sector employees are paid competitive salaries, ranging from 160 KD (\$548) per month for entry level positions to 520 KD (\$1,786) per month for senior civil servants. Wage levels are not based on performance and the Government cannot legally fire Kuwaiti civil servants except for a criminal offense. In addition, public sector employees receive a monthly allowance of 50 KD (\$171) per child and a monthly social allowance, which depends on marital status and ranges from 165 KD (\$567) for unmarried, entry level employees to 368 KD (\$1,264) for married, senior level employees. Although men and women receive equivalent salaries, only men receive the allowance for children and women receive the social allowance at the unmarried level. Many Kuwaiti Government employees also have managerial positions or financial investments in private sector companies.

19. (U) Kuwaitis applying for public sector employment must register their names with the Civil Service Commission. If they are not provided a job after six months, their names are automatically referred to the Program on Restructuring Manpower and State's Executive Apparatus (PRMSEA). PRMSEA helps them find a job in the private sector and pays them a monthly unemployment allowance until they find employment. The unemployment allowance ranges from 100 KD (\$343) to 200 KD (\$687) depending on marital status and qualifications. Anecdotal evidence suggests that a significant number of young graduates are not working and have difficulty finding private sector jobs.

110. (U) Over-employment of Kuwaitis in the public sector has led to a phenomenon known as "masked unemployment," where large numbers of Kuwaiti civil servants hold Government positions without actually performing any job duties. To combat this phenomenon, the National

Assembly ratified in October 2000 a Government-sponsored "National Manpower Support Law," which is meant to encourage Kuwaitis to join the private sector; the law entered into force in May 2001. As part of this legislation, the Government began paying for job skills training and for social and child allowances for Kuwaitis employed in the private sector. Under this process, called "Kuwaitization," a certain percentage of those employed by private sector companies must be Kuwaiti citizens. Percentages mandated by the Government vary by industry, ranging from 2% in manufacturing to 50% in banking. Private sector companies that fail to meet these requirements are fined and prohibited from being awarded public tenders. In addition, and perhaps as a result, Kuwaiti citizens are often paid higher salaries than employees of other nationalities in the same position. The Government also recently launched a program to provide financial assistance to Kuwaitis starting their own business.

And in Case We Missed Something...

11. (U) The Government also extends additional benefits to certain categories of Kuwaitis who demonstrate a financial need. From January to December 2005, for example, 63,337,277 KD (\$217,586,578) was paid to Kuwaiti citizens (20,453 "cases" in all) in the following categories:

- Kuwaitis older than 60;
- "Families of students who are married and study at Kuwaiti higher education institutions until they turn 26";
- Blind Kuwaitis;
- Kuwaiti orphans;
- Kuwaiti widows;
- Divorced Kuwaiti women;
- Kuwaiti women "past the marriage age";
- Families of Kuwaiti inmates;
- Families of "martyred" Kuwaiti military personnel;
- Physically handicapped Kuwaitis; and
- Kuwaitis unable to meet monthly loan installments.

12. (U) Kuwaitis receive many additional benefits, which are hard to calculate. For example, most Kuwaitis have failed to pay their power and water bills since Kuwait's liberation from Iraq in 1991. To encourage them to pay their overdue bills, the Government wrote off 2,000 KD (\$7,000) from each Kuwaiti's bill. The Government also gave each Kuwaiti citizen a 200 KD (\$685) grant in 2004 and a 50 KD (\$171) pay raise to Kuwaiti public sector employees in 2005.

All about the Bennies

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13. (SBU) The lavish benefits doled out by the Government affect Kuwaitis' enthusiasm for political and economic reform. Sixty-four percent of Kuwaitis responding to a recent survey published in the Arabic daily Al-Qabas said the most important issue to them was the rising cost of living in Kuwait, which undermines the value of Government benefits. Only ten percent said "political issues" were most important to them. The extensive state welfare system may also affect the Government's willingness to resolve the longstanding problem of the Bidoon (stateless residents) through naturalization, since this would impose added welfare costs on the Government. (Note: It is estimated that more than 100,000 Bidoon live in Kuwait. End note.)

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